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Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 NEA-10 SSO-00 NSCE-00 USIE-00

INRE-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

ACDA-19 IO-13 EB-11 COME-00 INT-08 SCEM-02 TRSE-00

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O 171113Z SEP 73
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC IMMEDIATE 0548
INFO AMEMBASSY THE HAGUE IMMEDIATE
AMEMBASSY LONDON IMMEDIATE

C O N F I D E N T I A L SECTION 1 OF 2 TRIPOLI 1199

E.O. 11652: GDS
TAGS: ENRG LY
SUBJECT: OIL NATIONALIZATIONS: FURTHER TALKS AT TRIPOLI

SUMMARY: OVER WEEKEND OIL MINISTRY U/S AND PRIMINH JALLUD SUMMONED LOCAL MANAGERS OF MAJORS. SEPT 15 THE U/S, IN ABSENCE OF MINISTER AT VIENNA, MADE PERSONAL PLEA TO COX OF ESSO TO PROPOSE SOMETHING NEW TO BREAK DEADLOCK. COX, WHO UNDER INSTRUCTIONS, REFUSED AND EXPLAINED WHY. NEXT DAY JALLUD SET FORTH TWO ALTERNATIVES THAT COMPANIES CAN CHOOSE BETWEEN BUT MUST ACCEPT. GOX REFUSED BOTH, WHILE THE OTHER MANAGERS SAID THEY WOULD REPLY SEPT 18 AFTER RECEIVING WORD FROM HOME OFFICES. COX, WHO IN EFFECT EMERGING AS MAJORS' LOCAL SPOKESMAN (GLOSS OF AMOSEAS IS OUT OF TOWN), BELIEVES JALLUD'S REMARKS WERE FORMULATED ON THE SPOT AFTER CONFIRMING NOC IN NO SHAPE TO OPERATE MAJORS' FACILITIES. END SUMMARY.

1. SEPT 17 ESSO LIBYA PRESIDENT COX BRIEFED US ON HIS
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TALKS WITH LARG OFFICIALS OVER WEEKEND. SEPT 15 OIL

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MINISTRY U/S MUNTASSER PHONED COX AND SAID LARG WAS "WAITING FOR YOUR RESPONSE" TO THE REMARKS MADE BY OIL MINISTER MABRUK TO THE MAJORS' LOCAL MANAGERS SEPT 8 (TRIPOLI 1167). COX THEN CALLED ON MUNTASSER AND OPENED BY MAKING CLEAR THAT HE REPRESENTED ONLY EXXON AND HAD NO POWER OF ATTORNEY TO DISCUSS THE BUSINESS OF THE OTHER COMPANIES, THOUGH HE HAD NO REASON TO EXPECT THEY WOULD GIVE DIFFERENT ANSWERS. COX THEN BRIEFED MUNTASSER FULLY AND FRANKLY ON HIS TRIP TO NEW YORK LAST WEEK. HE SAID HE WENT WITH A "POSITIVE ATTITUDE" TO THE MINISTER'S REMARKS AND ARGUED AT NY THAT THEY REPRESENTED A "CRACK IN THE DOOR" WHICH SHOULD BE EXPLORED. HE FOUND EXXON EXECS SKEPTICAL BUT BASICALLY AGREEABLE TO A FINAL DISCUSSION WITH THE LARG. THEN CABLES WERE RECEIVED IN NEW YORK REGARDING THE ENFORCED LOADING OF A TANKER (AMOSEAS) WITH NOC CRUDE. PRESUMABLY THIS WAS THE LAST STRAW, AS JUST THAT MORNING, SEPT 15, HE HAD RECEIVED A CABLE, WHICH HE SHOWED TO MUNTASSER, DIRECTING HIM NOT TO RESPOND BECAUSE LARG ACTIONS HAD EXCLUDED THE POSSIBILITY OF FURTHER DISCUSSIONS ON LIBYAN TERMS.

2. MUNTASSER SAID THAT HE WAS "NOT SURPRISED" AND THAT HE COULD AT LEAST UNDERSTAND THE POSITION OF THE COMPANIES. HE CLAIMED HE HAD SIMILAR PROBLEMS IN DEALING WITH THE RCC AND REPEATED HIS PERSONAL OPPOSITION TO THE WHOLE IDEA OF PARTICIPATION "WHICH DOES NOT SETTLE ANYTHING". STILL, HE ARGUED, THE COMPANIES SHOULD COME FORWARD WITH "SOMETHING NEW" AT THIS JUNCTURE. COX REPLIED BY CITING THE NUMEROUS INSTANCES IN THE PAST WHEN THE COMPANIES HAD COME UP WITH SOMETHING NEW ONLY TO HAVE IT REJECTED, IN FACT FREQUENTLY WITHOUT A HEARING OF ANY SORT. MUNTASSER ACKNOWLEDGED THAT THIS HAD HAPPENED AND SAID THAT AT LEAST 50 PERCENT OF THE PRESENT PROBLEM WAS "CAUSED BY MISUNDERSTANDINGS". MUNTASSER THEN SAID HE HAD TO REPORT TO JALLUD AND ASKED FOR A WRITTEN STATEMENT OF COX'S POSITION. COX GAVE HIM A STATEMENT THAT EXXON DID NOT BELIEVE DISCUSSIONS COULD TAKE PLACE UNDER THE DECREE LAW WHILE THE GOVERNMENT WAS TAKING CONFIDENTIAL

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UNILATERAL ACTIONS TO ENFORCE THE DECREE.

3. SEPT 16 MUNTASSER ASKED FOR REPS OF AMOSEAS, ESSO, MOBIL AND SHELL TO SEE JALLUD AT 1100. THEY MADE THEMSELVES AVAILABLE AT THAT TIME BUT IT WAS NOT UNTIL 1500 THAT JALLUD SAW COX, ALONE. COX SAID JALLUD WAS EXTREMELY TENSE, GRIM AND AT FIRST ALMOST TOTALLY SILENT. HE FINALLY OPENED BY SAYING THAT "HE DID NOT

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KNOW WHAT ESSO OWNED LAND IN LIBYA." IT EMERGED THAT
HE WAS TALKING ABOUT CONCESSIONS. COX REPLIED THAT
ESSO OWNED ONLY RIGHTS, NOT THE LAND ITSELF.
JALLUD, AFTER MORE SILENCE, REMARKED HE WAS VERY
SURPRISED THAT ESSO WOULD RESIST THE LAWS OF THE LAND.
COX REPLIED THAT ON THE CONTRARY ESSO OPERATES ONLY
IN ACCORDANCE WITH THE LAW, BUT THAT ITS LAWYERS
QUESTION THE APPLICABILITY OF THE PRESENT LAW. IN
VIEW OF DIFFERENCES OF OPINION ON THIS POINT, ESSO
WAS WILLING TO GO TO ARBITRATION AND TO TAKE THE
CONSEQUENCES IF IT WERE WRONG. JALLUD SAID THAT LIBYA
STOOD ON ITS SOVEREIGN RIGHTS AND WOULD NOT SUBMIT
THEM TO ANYBODY FOR INTERPRETATION. COX REPLIED
THAT HE WAS NOT A LAWYER AND CERTAINLY WAS NOT
QUESTIONING THE CONCEPT OF SOVEREIGHTY BUT THAT
NEITHER COULD ESSO ACCEPT THE NATIONALIZATION DECREE,
FOR ECONOMIC REASONS. JALLUD ALLUDED TO ESSO'S RECORD
OF PROFITS HERE AND HINTED AT "TELLING THE WORLD". HE
THEN SAID ESSO COULD CONTINUE TO LIFT CRUDE ONLY UNDER ONE
OF TWO CONDITIONS: A) TO SHIP THE LARG'S 51 PER CENT AS
NOC CRUDE, SO INDICATED ON ALL PAPERS, OR B) TO
SHIP ONLY ESSO'S 49 PER CENT, WITH THE LARG SHIPPING
THE 51 PER CENT, PROVIDED THE COMPANIES DID NOT
PROSECUTE FOR THAT 51 PER CENT AND RESTRICTED THEIR
DISPUTE WITH THE LARG TO THE QUESTION OF COMPENSATION.
COX REPLIED THAT HE NEEDED NO TIME TO REPLY TO THESE
NEW CONDITIONS. THEY WERE UNACCEPTABLE AND ESSO WOULD
NOT LIFT CRUDE UNDER EITHER CONDITION. JALLUD THEN
SAID "WE WILL TAKE APPROPRIATE ACTION" AND TERMINATED
THE INTERVIEW.

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INFO OCT-01 EUR-25 ISO-00 NEA-10 SSO-00 NSCE-00 USIE-00

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4. THE OTHER MAJORS' LOCAL REPS WERE FINALLY ALLED IN AS COX LEFT AND OFFERED THE SAME CONDITIONS. THE ONLY ADDITION WAS THE IDEA, WHICH SEEMS TO BE A FURTHER PROVISO OF OPTION B) ABOVE, THAT THE COMPANIES "NOT TELL ANYBODY" THAT THEY WOULD NOT CHASE LIBYAN OIL. EACH OF THIS GROUP OF MANAGERS REPLIED THAT THEY WOULD REFER THE PM'S REMARKS TO THEIR HOME OFFICES AND HOPED TO HAVE REPLIES BY SEPT 18.

5. COX'S ASSESSMENT OF JALLUD'S INTERVENTION OF SEPT 16 IS THAT HE HAD NO "GAME PLAN" OR FIRM IDEA HOW THE LARG COULD COPE IN THE SHORT TERM WITHOUT THE PRESENCE OF THE MAJORS. CIRCUMSTANCES SUPPORT THIS CONCLUSION, AS THE MANAGERS WERE FIRST CALLED TO JALLUD'S USUAL OFFICE BUT WHEN THEY SAW HIM, FOUR HOURS LATER, HE WAS AT THE OFFICE OF THE PRESIDENT OF THE NOC (A POSITION CURRENTLY VACANT). COX'S THEORY IS THAT DURING THOSE FOUR HOURS JALLUD WAS TRYING TO FIND ANSWERS TO THE QUESTION HOW NOC COULD, IN FACT, COPE WITHOUT THE MAJORS AND THE RESULTS OF HIS SEARCH HAD NOT BEEN SATISFACTORY.
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6. OF EQUAL INTEREST TO COX IS THAT LATER SEPT 16 HE OBTAINED MUNTASSER'S ASSURANCE THAT A 1.1 MILLION BARREL ESSO TANKER CAN BE LOADED TODAY ON A "NORMAL BASIS", I.E. WITHOUT DOCUMENTATION THAT ANY OF THE CRUDE BELONGS TO NOC.
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